

5 DECEMBER 2016

DACIAN GOLD COMPLETES A\$26M INSTITUTIONAL PLACEMENT AND WITHDRAWS ENTITLEMENT OFFER

- Dacian Gold raises A\$26m via share placement to institutional and sophisticated investors at \$2.50
- Entitlement offer withdrawn to avoid excessive dilution in the current volatile gold market
- Proceeds will enable Dacian Gold to continue project development and maintain an aggressive exploration campaign at the Mount Morgans Gold Project in WA
- Discussions on debt funding are well advanced with Project Finance Facility expected before end of CY2016,
- Dacian Gold remains on track for first production in early CY2018
- Dacian securities will recommence trading on Tuesday 6 December 2016

Dacian Gold (ASX:DCN) advises that it has successfully completed an interim A\$26 million placement (**Placement**) to existing and new institutional and sophisticated investors which will allow it to maintain the current development and exploration momentum at its Mount Morgans Gold Project (**MMGP**) in Western Australia.

The proceeds of the Placement, comprising 10,600,00 fully-paid ordinary shares at A\$2.50 per share, will be used to fund both preliminary development activities at Mount Morgans and ongoing exploration programs as outlined in the Company's MMGP Feasibility Study (see ASX announcement dated 21 November 2016).

As market conditions in the gold sector deteriorated during the course of the last week, the Company and key shareholders determined a smaller interim raising in the form of a placement was preferable to a more dilutionary, larger raising. Accordingly, the Company decided to withdraw the proposed accelerated non-renounceable pro-rata entitlement offer.

While the gold market remains volatile, Dacian Gold does not expect this volatility to persist and intends to continue its strategy to achieve first gold production from the MMGP in Q1 CY2018.

Discussions regarding project debt funding are well advanced and the Company remains confident it will execute a Project Finance Facility before the end of December.

Dacian Gold's Executive Chairman Rohan Williams said the decision to alter the original equity raising structure was in direct response to shareholders' concerns about the Company undertaking an overly dilutionary raising in a difficult equity capital market. Key Dacian Gold stakeholders believe the additional equity component of the Company's financing will be well supported following completion of the debt funding and in a more stable environment.

"We respect the feedback we received from our shareholders during the process and therefore determined to complete a smaller, interim raising. Dacian Gold will continue to focus on completing the debt component of the project finance as soon as possible, while at the same time resuming exploration and pursuing development activities at Mount Morgans."

"The feedback from investors has been uniformly positive regarding the quality of the Mount Morgans project as a premier development opportunity in the Australian gold sector."

"Importantly, the smaller placement in no way compromises our ability to meet our key milestones in the development of the Mt Morgans project once we obtain permitting approvals, which we envisage will be granted early next year."

"We will also immediately resume our aggressive exploration campaign aimed at delivering additional exploration success at Cameron Well and Jupiter Regional; and building on the existing 3.3 million ounce Mineral Resource base."

The Placement falls within the Company's issuing capacity under ASX Listing Rule 7.1 and does not require shareholder approval.

New shares subscribed for under the Placement are expected to settle on 8 December 2016 and commence trading on 9 December 2016. The new shares, when issued, will rank equally with all existing ordinary shares.

For and on behalf of the Board



Rohan Williams
Executive Chairman

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About Dacian Gold Limited

Dacian Gold Ltd listed on the ASX on 14 November 2012 after raising \$20M in its IPO to fund a 3 year exploration program at the Mt Morgans project it had acquired near Laverton, in Western Australia.

During the 3 years of intensive exploration, Dacian discovered two plus one million ounce gold deposits at Westralia and Jupiter; and following the completion of a Scoping Study in September 2015, completed a \$25 million equity raising to complete a 90,000m resource–infill drill out and to fund a definitive Feasibility Study.

In November 2016, Dacian released the results of the Feasibility Study which showed the Mt Morgans Gold Project to have an Initial Ore Reserve of 1.2 million ounces with an AISC of A\$1,039/oz over an initial 8 year period. The capital cost to build the project, including a new 2.5 Mtpa CIL treatment facility, is A\$220M which includes A\$172M of site–based infrastructure and A\$48M of mine establishment costs for the underground Westralia Mine Area and the open pit at Jupiter. At the same time as releasing the Feasibility Study, the Company released an expansion Pre–Feasibility Study which showed that the MMGP had the potential for 1.7 million ounces at an AISC of A\$970–975/oz.

The Board, which includes Rohan Williams as Executive Chairman and Robert Reynolds, Barry Patterson and Ian Cochrane as non–executive directors, approved the construction of the project, subject to the Company entering into acceptable financing arrangements, which is targeting gold production in the first quarter of CY2018.

Dacian will also maintain an aggressive exploration spend on the project it believes will continue to yield gold discoveries that will increase mine life and project value.

For further information on the equity raising please visit www.daciangold.com.au to view the Company’s presentation or contact:

Rohan Williams Executive Chairman Dacian Gold Limited +61 8 6263 9000	Paul Armstrong Investor Relations Read Corporate +61 8 9388 1474
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Appendix I

Mount Morgans Gold Project Mineral Resources at 28 July 2016

	COG	Measured			Indicated			Inferred			Total Mineral Resource		
		Au g/t	Mt	Au g/t	Koz Au	Mt	Au g/t	Koz Au	Mt	Au g/t	Koz Au	Mt	Au g/t
King Street*	0.5	-	-	-	-	-	-	0.5	2.0	33	0.5	2.0	33
Jupiter	0.5	1.0	1.7	54	23	1.4	1,006	5.7	1.1	197	29.6	1.3	1,257
Jupiter UG	1.5	-	-	-	-	-	-	0.5	2.0	34	0.5	2.0	34
Jupiter LG Stockpile	0.5	3.5	0.5	58	-	-	-	-	-	-	3.5	0.5	58
Westralia	2.0	0.4	5.0	65	4.8	5.5	840	3.5	6.5	715	8.6	5.8	1,621
Craic*	0.5	-	-	-	0.1	8.2	18	0.1	7.1	27	0.2	7.5	46
Transvaal	2.0	0.4	5.8	68	0.4	5.3	69	0.5	4.7	73	1.3	5.2	210
Ramomie	2.0	-	-	-	0.2	4.1	21	0.3	3.9	36	0.4	4.0	57
TOTAL		5.3	1.5	246	28.3	2.1	1,954	11.1	3.1	1,115	44.7	2.3	3,315
* JORC 2004													

*Refer to ASX release – 28 July 2016

Mount Morgans Gold Project Initial Ore Reserves

	COG (g/t)	Proved Ore Reserves			Probable Ore Reserves			Total Initial Ore Reserves		
		Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)
Beresford UG	2.0	50	4.9	8	2,383	4.2	323	2,433	4.2	331
Allanson UG	2.0	-	-	-	882	5.7	162	882	5.7	162
Transvaal UG	1.4	193	4.7	29	325	3.4	36	518	3.9	65
Jupiter OP	0.5	867	1.7	48	13,884	1.3	595	14,751	1.4	643
INITIAL ORE RESERVE		1,110	2.4	85	17,475	2.0	1,115	18,585	2.0	1,200

*Refer to ASX release – 21 November 2016

In relation to Mineral Resources and Ore Reserves, the Company confirms that all material assumptions and technical parameters that underpin the relevant market announcement continue to apply and have not materially changed.

Competent Person Statement

Exploration

The information in this report that relates to Exploration Results is based on information compiled by Mr Rohan Williams who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Mr Williams consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

Mineral Resources

The information in this report that relates the Westralia Deposit Mineral Resource (see ASX Announcement 28 July 2016), Jupiter Prospect (see ASX Announcement 19 July 2016) and Transvaal Mineral Resources (see ASX announcement 16th September, 2015) and Ramornie Mineral Resources (see ASX announcement 24th February, 2015) is based on information compiled by Mr Shaun Searle who is a Member of Australian Institute of Geoscientists and a full-time employee of RungePincockMinarco. Mr Searle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Searle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates the Jupiter Low Grade Stockpile (see ASX announcement – 16th September, 2015) and is based on information compiled by Mr Rohan Williams who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources (other than Westralia, Jupiter, Jupiter Low Grade Stockpile, Transvaal, and Ramornie which are reported under JORC 2012) is based on information compiled by Mr Rohan Williams, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where the Company refers to the Mineral Resources and Ore Reserves in this report (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Mineral Resource estimate and Ore Reserve estimate with that announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not materially changed from the original announcement.

All information relating to Mineral Resources and Ore Reserves (other than the King Street and Craic) were prepared and disclosed under the JORC Code 2012. The JORC Code 2004 King Street and Craic

Mineral Resource has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last updated.

Ore Reserves

The information in this report that relates to Ore Reserves for the Westralia Mining Area and Transvaal Mining Area is based on information compiled or reviewed by Mr Matthew Keenan and Mr Shane McLeay. Messrs Keenan and McLeay have confirmed that they have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). They are Competent Persons as defined by the JORC Code 2012 Edition, having more than five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which they are accepting responsibility. Messrs Keenan and McLeay are both a Member of The Australasian Institute of Mining and Metallurgy and full time employees of Entech Pty Ltd and consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves for the Jupiter Mining Area is based on information compiled or reviewed by Mr Ross Cheyne. Mr Cheyne confirmed that he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is accepting responsibility. Mr Cheyne is a Fellow of The Australasian Institute of Mining and Metallurgy and a full time employee of Orelogy Consulting Pty Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.